

# *The* **Management** **REVIEW**



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**COMMENT • DIGEST • REVIEW**

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## **THE AMERICAN MANAGEMENT ASSOCIATION**

The American Management Association is composed of industrial and commercial companies and executives interested in modern management. The AMA makes no profit, does no lobbying, and advances no propaganda. Its interests are solely the solution of current business problems.

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# The Management REVIEW

THERE once were an ant and a grasshopper, and one chilly autumn day they met on the same stalk of grain in the meadow. The ant asked: "How's tricks, neighbor?" But the grasshopper only rubbed his hind legs together very slowly and painfully and didn't reply. "What's the matter?" inquired the ant, "You seem rather low in your mind." "I'm c-c-cold and h-h-hungry," the grasshopper answered, "I haven't any food stored away and I fear I shall starve and freeze to death in the winter."

"I'm afraid you will, too," said the ant very cheerfully, and went on his way.

Frequently this cruel fable has had a crueler sequel. The ant waits around until the grasshopper succumbs to the rigors of winter, then he drags down the carcass to his underground castle to add to his provident store.

All this leads up to the subject of installment buying. The evil of "a dollar down and the rest when you garnishee my salary" is growing at such a pace, some economists say, that what had once been a nation of thrift will be overrun by a horde of improvident grasshoppers who buy at the drop of a hat, whistle throughout the long days of prosperity, and die miserably in the first black frost of financial misadventure. Read about this dire situation on page 387 (Uncontrolled Installment Buying).

"LEMON or cream, Mabel?" If the British influence grows stronger, this will be a frequently heard question in American offices at 3:30 p. m. before many years have elapsed. The British believe that "a spot of tea" at mid-afternoon furnishes physical uplift and speeds the day's work to a happier conclusion. Toward the middle of the afternoon resistance to fatigue is low—very often the consequence of an insufficient noon-time meal. Details on page 372 (A Spot of Tea).

SKILLED jobs begging for men and unskilled men begging for jobs—such is the great economic tragedy of 1937. *Fortune* has made a survey and this is its major conclusion. Statistics and suggested remedies on page 364 (Unemployment in 1937).

# Current Comment

## HOW THE DEPARTMENT OF COMMERCE AIDS BUSINESS

During the Constitutional Convention in 1787 Gouverneur Morris suggested that provision should be made for a Secretary of Commerce and Finance. Among the duties of this office, as he envisaged it, was the responsibility for recommending whatever action might be considered necessary to promote properly the commercial interests of the United States. This proposal was not acted upon favorably, and it was not until 1903 that Congress authorized the establishment of the Department of Commerce.

Today our taxpayers are being assessed slightly more than forty-three million dollars for the support of this Government agency during the current fiscal year. What services do they receive in return for this expenditure? To answer this question fully, a catalogue of many pages would be necessary. All that we can do here is outline briefly the work of each Bureau and perhaps indicate some of the services which will be of special interest to American Management Association members.

There are nine Bureaus in the Department. Five of these units are primarily concerned with serving and promoting business. The other four are active in the transportation field, supplying aids and enforcing regulatory laws.

In the first group, those assisting business, is the Bureau of the Census, the largest statistical gathering organization in the world. The decennial census of population is still its major responsibility. In addition to this, however, it collects vital statistics, figures on prison and institutional population, a census of religious bodies, and the regular census of business and manufactures. Some industrial groups have made arrangements with this office for the collection of monthly figures on sales, unfilled orders, shipments, etc.

The Bureau of Fisheries, the second member of this group, maintains laboratories and hatcheries to assist in conserving and replenishing fish for both sport and commercial purposes. It collects statistics on the catch of commercial fish and regulates the salmon fisheries of Alaska.

Many executives are well acquainted with certain phases of the work of the Bureau of Foreign and Domestic Commerce. Through its 34 foreign offices, this agency collects timely information which is promptly passed along to American exporters and importers. In our files there are innumerable records of instances in which this service has resulted in the profitable expansion of sales volume.

In the domestic field this Bureau is engaged in supplying statistical and factual information also. Retail sales volume, credit and collections,



installment sales, the market data handbook, and the national income studies are typical products of this division.

Another Bureau whose work is well known is the Patent Office. Besides issuing patents, this agency serves business by registering the trade-marks, prints, and labels which appear on all types of merchandise.

A separate group of buildings in the Northwest section of Washington houses the National Bureau of Standards. Charged by law with maintaining the basis of our system of weights and measures, the work of this Bureau is equally vital to our whole economic structure. In its well-equipped laboratories tests are made and specifications developed for all kinds of supplies purchased by Government agencies. Many industrial groups have called upon this unit for assistance in standardizing their products and reducing the variety of sizes, shapes, grades, etc.

Turning now to the four Bureaus that are concerned with transportation, there is first the Bureau of Air Commerce. Whenever we travel in this country in a passenger airplane our personal safety is safeguarded to the best of its ability by this agency. The network of more than 21,000 miles of air lanes, known as the Federal Airways System, is lighted and equipped with emergency landing fields and radio communication.

Protection of life and property on the sea and inland waterways is the primary responsibility of the Bureau of Marine Inspection and Navigation. The inspection of vessels and licensing of personnel is an important phase of this work.

Another Bureau whose interest is centered in marine navigation is the Lighthouse Service. This organization operates approximately 22,000 aids to water transportation.

The Coast and Geodetic Survey is the remaining member of the Department family. It is frequently referred to as the "map and chart" Bureau because of its extensive and continuing surveys of our coastline.

To complete this description of the Department's services, it is necessary to include a reference to the Secretary's Business Advisory Council. Organized in 1933 by Secretary Roper, this group of some 50 outstanding executives is representative of all types of industry and commerce in all sections of the country. Regular meetings are held to discuss problems of mutual interest to Government and business, and recommendations are formulated for the benefit of public officials. The work of this group has been of immense value to those who are responsible for the execution of major administrative policies.

This brief description of our efforts to serve business is by no means the complete story. I hope that it has been sufficiently comprehensive, however, to indicate the many fields in which we are constantly striving to help strengthen the business structure and to contribute to the smooth and efficient operation of its many parts. In conclusion, may I extend to every reader of *THE MANAGEMENT REVIEW* a cordial invitation to communicate with us if more detailed information on our work is desired.

ERNEST G. DRAPER,

The Assistant Secretary of Commerce.

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## THE MANAGEMENT INDEX\*

### Abstracts and News Items

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#### GENERAL MANAGEMENT

##### "The Workers" vs. the Workers

For many years now "The Worker" of America has been a sacred cow. He has become the fountainhead of virtue—and of votes—and the exploited victim of the idlers he makes rich, of piratical methods and practices, of the Economic Royalists and Princes of Entrenched Greed. Not until lately—when armed denial of the right to work had aroused resentment—did the average American begin to question the sacrosanctity of "Labor" which had censored the mails, torn up railway tracks, and cudgelled and kidnapped citizens.

"The Workers" err in assuming that there is something uncommon in labor, that it is the monopoly—or burden, as you choose—of any one class, and that it is done exclusively with a hammer, a saw, or a scythe. The wealth of the world is created not by manual labor, but by a cerebral organ weighing only a few ounces; if the brains of business had been liquidated in each generation, there would be no wealth and no "Workers."

The number of capitalists who acquired their wherewithal by inheritance or speculation is narrowly limited. Today's capitalists were yesterday's stake-drivers or crane-operators—the men who are more intelligent and better trained, the workers who didn't quit when the whistle blew. The dividing line in industry should run not between Capital and Labor, but between the kind of Labor that works and saves and the kind that doesn't. It is a line between the workers who have made America and "Labor" which is helping to destroy it—a line, in fact, between the typical peace-loving American workman and the noisy malcontent who follows the Red Flag. By Channing Pollock. *The American Mercury*, October, 1937, p. 129:10.

##### Unemployment in 1937

Everyone will admit the depression is over—everyone, that is, but the few people who are saddled with the task of dispensing \$1,500,000,000 yearly to relieve the millions of unemployed. What is the reason for this paradox?

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\*For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

Is industry at fault, or must we seek the cause of unemployment in the unemployed themselves?

The villain of the piece is neither industry nor the unemployed—it must be sought in the impersonal mazes of the depression, which slowly sapped the effectiveness of older men and never gave the young a chance to develop the skill which is needed today. Skilled jobs begging for men and unskilled men begging for jobs—this is unemployment in 1937. Such is the major conclusion to be drawn from a three-month survey of the problem undertaken by *Fortune* in 11 representative United States communities.

The government can directly aid these cyclically unemployed in three or four ways, if the taxpayer is willing to foot the bill. For one thing, it is possible to set up a series of nationally coordinated labor exchanges on the British model to bring the man to the job. Secondly, the government can establish a vocational training system for the unskilled young. Finally, it can help the unemployed in two emergency ways; it can maintain its unemployment compensation program, and it can continue to care for business-cycle victims by such agencies as the despised WPA. The WPA has worked, even if expensively, so it will almost certainly be a beacon to guide statesmen and politicians in the future. Whether you like it or not, the past depression has set up bench marks which will be followed long after Harry Hopkins and President Roosevelt have gone to their reward. *Fortune*, October, 1937, p. 99:16.

## Eye vs. Ear in Molding Opinion

Of vital significance to public relations men and marketing executives are the results of recent experiments to determine the relative attention and memory values of sensory reception through the media of the screen, the radio, and the screen and radio combined under conditions more or less approximating those of television.

Prior to about 1932 the studies of visual vs. auditory modes of presentation usually demonstrated visual superiority. Since then, however, comprehensive experiments and laboratory tests have quite uniformly demonstrated auditory superiority. Within the narrow span of six years there seems to have been an actual shift from visual to auditory dominance.

One of the recent tests was conducted among a mixed group (both college and non-college) in the psychological laboratories of Columbia University. Test materials were 36 fictitious advertisements, 18 of which bore descriptive trade names such as *Restwell Mattress*, and the remainder of which carried non-descriptive trade names such as *Poland Lamps*. Visual presentations by means of slides thrown upon a screen were remembered least by both college and non-college groups; auditory presentations by means of a small public address system were remembered more; and visual-auditory presentations by means of simultaneous screen and vocal modes were remembered most of all. Descriptive trade names were favored about six to one over non-descriptive

trade names by all modes combined. Women's minds showed a far greater retentiveness than those of men for auditory methods of presentation. By Frank R. Elliott. *The Public Opinion Quarterly*, July, 1937, p. 83:4.

### Trade Marks

Today, when every business weapon must be keen and expertly wielded, the design of trade marks calls for considerable ingenuity. It costs much less in advertising dollars to win acceptance for a really good trade mark than it does for a poor one. Only by the spending of astronomical sums has the Camel cigarette trade name, which is certainly not good by any logical standard, acquired its present estimated value of over \$10,000,000.

For the manufacturer who desires an effective and profitable trade mark, there are several "do's" and "don'ts" which should help him to secure it: Don't try to make it realistically pictorial, since such a design is likely to be limited in the method of reproduction or the size to which it can be reduced. Designs which must be representative should be in utterly simple forms, like the Fisher Body trade mark. Seek to avoid circles, squares, and even triangles, diamonds, and shields, except when a strong pattern is used that dominates the frame itself. If a monogram is used, it should possess an unusual and significant form, like that of the Crime Club. When a stunt is attempted with letters, be sure that the trick is not already in use and that it is distinctive enough

to deter imitation. Never try something that is sure to go out of style. And make the trade mark tell a story—make it, if possible, epitomize your business. (Sherwin Williams paints cover the earth.)

An old trade mark that has proved ineffective should certainly be changed. But in designing a new one, remember above all to keep it simple . . . KEEP IT SIMPLE . . . KEEP IT SIMPLE. By George Marsh. *Industry*, October, 1937, p. 44:2.

### Some Advantages of a Rural Community from the Personal Relations Standpoint

Where management believes it has a social responsibility—and we should assume that this is the rule rather than the exception—a rural location for an industrial plant is a decided advantage. This has been the experience of the American Fork & Hoe Company, Wallingford, Vt.

Residents of the village who are employed at this factory are for the most part owners of small farms. During the growing season the company follows the plan of operating at as great a reduction of hours as practicable so as to give the men a chance to work at their crops. This arrangement is also an advantage to the company, since the summer is a slack period in the demand for the implements which it manufactures. The plan also makes it possible for the workers to build up this extra resource, and it provides them with a greater degree of economic security. This was well demon-



strated during the depression, when decreased earnings were augmented by income from farm produce.

In this plant there is only a limited turnover of labor. The employees are usually retained as long as they are able to work, and when they become too old they are pensioned. Sick benefits have also been provided by the

company. There are no labor problems. The excellent personnel relations in this factory have been achieved by embracing the opportunities which exist in such an environment. Perhaps this is a very strong argument for industrial decentralization. By R. C. Taft. *The Iron Age*, August 19, 1937, p. 41:2.

## FINANCIAL MANAGEMENT

### Financial Ratios Become of Age

There are, in all, 14 balance-sheet and profit-and-loss ratios which are of varying degrees of importance to the accountant. We may separate them into five family groups: three important capital ratios (fixed assets to tangible net worth, current debt to tangible net worth, net working capital represented by funded debt); three important inventory ratios (net sales to inventory, net working capital represented by inventory, inventory covered by current debt); three important sales ratios (average collection period, turnover of tangible net worth, turnover of net working capital); three important net profit ratios (net profits on net sales, net profits on tangible net worth, net profits on net working capital); and two important supplemental ratios (current assets to current debt, total debt to tangible net worth).

Let us examine one of these ratios—that of fixed assets to tangible net worth. Instead of attempting to reason in some theoretical manner what maximum proportion of the tangible net worth of a business should not be exceeded by its investment in fixed assets, it is now quite customary to take the proportions of 20, 50, 100, 200, or even 2000 concerns in the identical line of business activity and ascertain the average ratio or the median, and then to study the failures in that line over a period of years to discover what might have been a vulnerable proportion, as a supplementary guide to the average, the median, or the mode.

Recent studies have demonstrated the general truth of the maxim that, when an industrial enterprise has a tangible net worth between \$50,000 and \$250,000, its operations should be carefully analyzed if the depreciated value of its fixed assets is greater than two-thirds of the tangible net



worth; and when the tangible net worth exceeds \$250,000, its affairs should be followed closely if the depreciated value of its fixed assets totals more than three-quarters of the tangible net worth. By Roy A. Foulke. *The Journal of Accountancy*, September, 1937, p. 203:11.

### Inadequate Depreciation Methods

Even today accounting procedure with reference to depreciation frequently produces results which are so erroneous as to vitiate all calculations of costs and even render ineffective fundamental plans of management and finance. These errors are the result of failure to recognize the need of adequate records of plant and equipment. Among other things, adequate records make clear the fact that depreciation and obsolescence continue regardless of renewals and repairs which may be made, and they necessitate care in determining whether expenditures should be charged to some asset account or to expense.

Perhaps one of the greatest sources of errors is the failure to remove fully depreciated items from the asset account. The only practicable remedy is the adoption of a system of item or limited group control. Under such a plan each unit receives the attention necessary for the correct estimate of depreciation occurring in it or in the group of like items of which it is a part. Such a procedure implies that there will always be available information and estimates necessary not only for computing the periodic de-

preciation charge but also for making the necessary adjustments upon retirement of a particular asset.

Where it is necessary to group items for depreciation purposes, those having the same, or approximately the same, lives should be grouped together, thus permitting the application of an approximately correct rate. In lieu of such a system, many concerns apply a so-called composite depreciation rate to their entire plant and equipment. Though it is possible to secure correct results by this method, its usual result is confusion and error. By E. A. Saliers. *The Accounting Review*, September, 1937, p. 303:6.

### Inventory Valuation

Within the last two years considerable interest has developed in problems of inventory valuation. The conviction is growing that during the upswing of prices there should be a clarification of the sources of stated profits and provision for expected inventory losses. It might, therefore, be of interest to study methods used in Europe during the post-war inflation, when companies desired a clearer understanding of the nature and sources of their profits.

One such method involves the use of what amounts to "ideal" standard costs as practiced in the United States, assuming that the standard costs are adjusted at frequent intervals in line with current costs. To some extent this system differs from the American practice in technique, but the major difference lies in the treatment of the

price adjustments or variations between actual and standard costs. The method results in segregating inventory gains and losses and informing management of their sources so that intelligent action can be taken with respect to them. This paper describes and analyzes the system and presents typical ledger accounts to aid in the description. By Clarence B. Nickerson. *N. A. C. A. Bulletin*, October 1, 1937, p. 147:14.

### **Is There a Tendency for Profits to Equalize?**

In a recent study of industrial profits in the United States, Dr. Ralph C. Epstein reached the conclusion that there is little tendency for rates of profits in different businesses to become equalized, even if allowance is made for different degrees of risk. His conclusions, however, rest on a sample of large and successful corporations during eight years only. Profits as reported are frequently not comparable because of differences in accounting methods and capital set-up. Moreover, taxes should be deducted from reported profits, and they were not uniform. High rates of average profit usually go hand-in-hand with great variability in profits from year to year. Readjustments among industries are most apt to occur in years of business recession, but were nevertheless considerable even before 1929.

No irrefutable evidence has been advanced to support the conclusion that the classical doctrine of a tendency toward an equality of profit

rates has been ineffective in recent years. By Rufus S. Tucker. *The American Economic Review*, September, 1937, p. 519:6.

### **An Appraisal of the Undistributed Profits Tax**

The undistributed profits tax is a significant influence in determining corporate policies and practices. From a Dun & Bradstreet survey among 700 corporations there are reported here the early effects of the tax on dividend policies and other company operations. The survey gives the actual record for 479 corporations making dividend payments in 1936 and the expected behavior of 414 in 1937. It is revealed that in half a dozen instances cash dividends were reported to have been paid with informal understanding that they be re-invested in the company by the recipients in return for stock or notes.

This appraisal includes, too, a balanced and impartial study of the form of the tax and of the principles underlying it. By Willard L. Thorp and Edwin B. George. *Dun's Review*, September, 1937, p. 5:32.

### **Standard Profits and Economic Costs**

Accounting is the balance wheel of business, and the *modus operandi* by which it may exercise its regulatory influence is the proper use of standards.

In setting a minimum standard profit numerous factors must be reckoned with in addition to the necessity that

the profit be based on the present market value of the total investment. Provision must be made for contingencies, for general research and development, and for personnel. Possible contingencies are innumerable and can be met satisfactorily only by adequate reserves. In the problem of personnel, unexpected as well as normal changes have to be met; young blood of the right potentiality needs constantly to be trained, for to be properly manned, a business must be over-manned most of the time. Money must be spent on research, because the organization that is static soon succumbs to competition. Then finally,

the minimum standard profit should be competitive—high enough to attract capital on the one hand, yet not so high that it will unduly stimulate unwanted competition on the other.

This article also proposes principles for use in setting a physical volume standard, a standard unit profit, and an over-all standard cost allowance. By Albion R. Davis. *N. A. C. A. Bulletin*, July 1, 1937, p. 1220:9.

### Finance Conference

The Finance Conference of the American Management Association will be held at the Hotel Pennsylvania in New York City on December 14-15.

## INSURANCE

*Insurance abstracts are contributed by P. D. Betterley, Insurance Consultant, Assistant Treasurer, Graton & Knight Company.*

### Compensation Tendencies

A bulletin has been issued by the Insurance Department of the Chamber of Commerce of the United States describing tendencies in workmen's compensation insurance. This is a summary of some of the points of special interest in this survey: It is believed that there is need of a higher degree of uniformity in the laws of the separate jurisdictions. It has been found that the tendency throughout the history of workmen's compensation legislation has been to extend the employments which are included and to in-

crease the payments which are made. Of amendatory action taken, perhaps the most important has been the consideration given to occupational diseases, particularly silicosis. Naturally, much of the legislation enacted has had the effect of increasing further the cost of workmen's compensation to employers of labor.

During the years 1931 to 1936 inclusive, death benefits were increased in sixteen states and one territory and decreased in two states. Originally it was generally understood that permanent total disability meant disability for employment in any suitable remunera-

tive occupation, but lately some of the courts have construed it to mean disability for the particular employment in which the injury was sustained. During the period mentioned above, eleven states increased the medical benefits. It is estimated that the direct cost of claims arising out of industrial accidents is close to one billion dollars annually. Two of the causes cited as contributing to the rising cost have been mechanization of industry and liberalization of compensation systems.

Under the well-marked tendency to extend the field covered by workmen's compensation laws, awards are being made for disabilities claimed to have been brought about by trifling occupational accidents; likewise for disputed cases of nerve shock and fright and injuries having only a remote connection with the employment.

A number of industrial concerns have reduced their accidents as much as 75 per cent. Many employers have maintained that accident prevention measures would slow up production, but exactly the opposite has proved to be the case. The causes that produce accidents have often turned out to be the same causes that produce inefficiency. *The Weekly Underwriter*, September 25, 1937, p. 655:3.

#### **Cancellation of Accident Policy Prior to Recovery from Injury**

It might be asked whether or not a company could cancel its policy without waiting for the insured to recover completely from a prior accident or

sickness. The answer would be in the affirmative, but this would not affect the insured's right to recover disability benefits for continuing disability due to prior accident or illness.

In the case of *Friedman vs. Connecticut General Life Insurance Company* the plaintiff elected to take his benefits in a lump sum, waiving any other claim for disability due to that particular injury. The settlement was consummated on June 5, 1936, and on June 9 the carrier served written notice of cancellation of the policy, and tendered a refund of the unearned portion of the premium; this was accepted without protest. While still suffering from his previous injury, the insured was again involved in an accident. His attorney wrote the insurance company protesting against the cancellation and contending that any cancellation prior to a complete recovery from the injury sustained in the first accident was null and void. The appellate court unanimously decided in favor of the company. *The Spectator*, August 26, 1937, p. 28:1.

#### **Safety and Efficiency**

The president of the H. K. Lorentzen Company, New York City, stresses the importance of accident prevention measures in connection with the plant program.

Foremost in importance in all accident prevention work is the necessary and proper protection of the danger areas.

Teaching and showing employees how to use the various safeguards pro-



vided, and how to use them effectively, is an even more difficult problem than it is to design them. In this concern groups of operators are often given demonstrations regarding the right and wrong methods of performing certain operations. To be effective, such teaching must be provided frequently. Also, accident prevention work must be carried on from the top down. Good housekeeping should consist not only in keeping floors clean, but in maintaining machinery and equipment in good repair and tools and appliances in their proper places. Good lighting not only helps to prevent accidents, but it also increases production efficiency. As production work is more or less monotonous, operators should be encouraged to relax occasionally.

Effective accident prevention work in a small plant is a simple matter once the owner or manager has be-

come safety-conscious. Safety and efficiency go hand in hand. *The Insurance Broker-Age*, September, 1937, p. 3:2.

### False Fire Alarm Survey

The malicious practice of turning in false alarms continues to rank among this country's most serious threats to life and property. A recent survey discloses that from 10 to 12 per cent of the alarms in the average city are false. The average cost of answering each false alarm is \$111.07; a more serious aspect, however, lies in the fact that 40 cities have reported a total of 1,744 persons injured or killed in the performance of duty while responding to false fire alarms. *The Eastern Underwriter*, October 8, 1937, p. 24:1.

## OFFICE MANAGEMENT

### A Spot of Tea

Afternoon tea in the office has become a business convention in the British Empire and is taking hold in some American offices. In most English companies the office routine is carried on as usual until 3:30, when everybody, from the president to the office boy down, takes time off for "tiffin." To the mind of many American executives, this is simply another good old English custom.

Yet there are sound and practical reasons for the quaint business habit of "knocking off for a spot of tea." Tea, in relieving fatigue, quickens mental processes and associations, and speeds difficult problems to solution. Light breakfasts and lunches are responsible for increased susceptibility among workers to fatigue, irritability, and distractibility. Serving tea to employees helps to allay the hunger contractions of the stomach and to alleviate the effects of tiredness. Tea-



time in the office makes for a pleasant relaxation which ultimately speeds the day's work to a swifter and happier conclusion. By Earl F. Damude. *Office Management*, September, 1937, p. 12:2.

### **Business Planning for Office Expansion**

In order to provide the utmost flexibility in office routine and procedure, it may be found advisable to make all clerical units as mobile as possible by reducing private rooms and partitions to a minimum, avoiding plaster and tile partitions where movable wood or steel partitions will suffice, and utilizing supply cabinets, locker cabinets, etc., for dividing clerical spaces. For shelving, lockers, and similar equipment the use of standard office units rather than specially built-in equipment will contribute substantially to mobility.

It will be found that the adoption of a "Records Retention System" and a "Records Destruction Program" will help considerably in holding inactive office space to a minimum and in reducing investment in filing facilities. Records which have outlived their usefulness should be destroyed. The establishment of a "Form Control System" makes it possible to develop simpler, often smaller, forms, which require less space for filing and can be filled out on smaller machines. All these factors should have a profound effect on the economics of the office. By Allen Everett. *N. O. M. A. Forum*, October, 1937, p. 9:2.

### **Purchasing Economy**

Any organization which places orders for stationery and printing in excess of \$1,000 annually has reason to give serious thought to the purchase of these supplies. This is especially true of the "smaller" concern, of the company which leaves the buying, hit-or-miss, to the office manager, treasurer, or individual department heads.

The smaller organization should have one person, and only one, responsible for the purchasing of stationery and printing. This individual may at the same time be the treasurer or office manager. Here are a few of his salient duties: (1) He must purchase all stationery, printing, and office equipment needed by the company and be responsible for these supplies until they are delivered to the requisitioning department. (2) He should make a study of the printing and paper industries. (3) He should conduct tests of modern equipment, different papers, and new supplies. (4) He should be responsible for supplies which have to be destroyed because of obsolescence. (5) He should be responsible for the maintenance of all office equipment. (6) He should interview every salesman who calls, not merely for courtesy's sake but because new, money-saving devices are constantly being developed. (7) Above all, he must maintain close contact with the activities of the company and the operations of each department, and he should understand the statistical information on file pertaining to every department.

Adoption of the procedure described above will result not only in substantially reduced prices, but also in better deliveries and standardization of forms. By Gerald D. Stone. *The Office*, October, 1937, p. 9:3.

### **Give Care to Business Correspondence**

Business letters are a great help in maintaining good public relations. For this reason the correspondence of a company should occasionally be surveyed to discover the character of letters being sent out by each department.

A business letter conveys to the reader an exact impression of the writer. Such hackneyed expressions as "beg to advise," "your favor of the 12th," "we beg to remain," etc., are as improper in modern business correspondence as illegible signatures.

To the mind of the reader the appearance of a letter is the company's evaluation of itself. Many old-fashioned concerns retain letterheads that are antiquated today. These should be replaced with modern stationery of quality and balance. By Richard Coleman. *Office Management*, July-August, 1937, p. 32:1.

## **PRODUCTION MANAGEMENT**

### **Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration**

#### **The Labor Crisis**

Throughout the country the belief is gathering force that labor is seriously, dangerously out of hand. At labor headquarters one hears a different, though by no means more pacifistic, view. If one were to take the bark for the bite, one would tremble before the wrath that is to come. But employers and workers talked in the same immoderate way in the past, and there was as much fear of social turmoil in the late eighties of the last century, when labor went ghost-dancing after

the Knights of Labor and the farmers after the Farmers' Alliance.

However, a sea change is indeed coming over American labor: a sea change occasioned by neither John L. Lewis nor the man in the White House. And the prospects for a peaceful development of American industry are not reassuring if management proves incapable of supplementing its traditional dictatorial discipline by a discipline by consent. For one thing, the constitution of our industrial working population has shifted from the raw immigrant or beaten refugee from a

barren hill farm to a class educated in city and town schools and bred under modern industrial conditions; and this is not tractable material for management. For another, the effect of federal relief has been to knock a main prop from dictatorial discipline: the boss may fire, but he cannot have the satisfaction of thinking that the man fired and his family will go hungry; nor can he starve a strike out.

We shall have no adequate machinery for industrial peace until management establishes discipline by consent—until it not only accepts unionization but inquires what union and what leaders are the authentic bearers of the workers' consent. And the basic problem is one of creating labor organizations which can not only command the confidence of industry and labor but can make contracts and keep them. By Alvin Johnson. *The Yale Review*, Autumn, 1937, p. 1:11.

### **Labor Conditions in the Bituminous Coal Industry**

The number of employees in the bituminous coal industry at the present time probably ranges between 450,000 and 500,000, as compared with a low of 406,000 in 1932 and a high of 705,000 in 1923. About 95 per cent of the coal mine workers of the country are believed to be union members. Provided with ample funds, partly as a result of the check-off system in effect in the industry, the United Mine Workers is now one of the most powerful labor organizations in the country.

The basic minimum daily wage of workers in northern mining areas was increased in April, 1937, from \$5.50 to \$6.00; the wage scale of southern mine workers was raised at the same time from \$4.50 to \$5.50 minimum. This upward trend in wage rates will probably hasten the mechanization of mines. It may be expected that over a period of time many smaller, poorly financed companies will succumb to the competition of large operators with sound financial backing. *Quarterly Review of the Fuel Industries*, National Industrial Conference Board, Inc., September, 1937, p. 21:1.

### **Specialized First Aid in Labor Ills**

Without sound and fury, with little public recognition, the United States Conciliation Service of the Department of Labor has for 24 years been playing a significant part in settling labor disputes by the simple method of getting men to talk things over.

Approximately 40 Commissioners of Conciliation from this government bureau visit nearly every trouble spot on the labor map to bring free counsel and assistance to employer and worker alike. These men enter a case without bias and only to the extent that they fill this requirement can they hope to be successful.

The Conciliation Service possesses no police powers. Unlike the National Labor Relations Board, it performs no quasi-judicial functions; save in those instances where the employer and employees voluntarily submit an issue to the Service for arbitration, it

renders no decisions. But though the representatives of the Service act only as negotiators, they bring to the conferences between industry and labor a ripe experience and a first-hand knowledge of prevailing wage rates, working conditions, and employee relations policies. The Conciliation Service is convinced that a dispute adjusted by the parties themselves at a conference table is more enduring and leaves less bitterness and rancor than one which is settled by law or by force. By Dr. J. R. Steelman. *Nation's Business*, October, 1937, p. 18:6.

### Security of Job Tenure and Trade Union Benefits

Development of out-of-work benefits by trade unions in the United States has been predominantly local in character and negligible in coverage. The American trade union movement has been preoccupied with defending its right to exist and develop. Generally, unemployment benefit plans were not established unless the union was assured control of the job.

Benefit periods of plans in existence from 1926 to 1929, principally located in printing and allied trades, covered seasonal risks; but rates rarely amounted to the accepted standard of 50 per cent of earnings. During these years only 1 per cent of the country's organized labor was regularly provided with this type of security. In the event of prolonged unemployment, even strongly entrenched unions were unable to maintain adequate plans. Nevertheless, during the 1930-1933

period, photo-engravers and electrotypers—highly skilled craftsmen in trades where the machine had made few inroads—were able to levy assessments high enough to cover depression risks adequately.

To be effective it would seem that trade union unemployment benefit plans must completely control the job and be in no immediate danger from labor-saving devices. These prerequisite conditions have thus forestalled any attempt to compensate technological unemployment. As a whole, the experience of these plans furnishes a vivid record of the trials and tribulations which accompany the efforts of small private groups to provide protection against unemployment. By Constance A. Kiehel. *The American Economic Review*, September, 1937, p. 452:16.

### Seniority Rights in Union Agreements

The desire of workers for greater security of employment and their fear of discrimination against union members have resulted in a prevalence of demands for seniority provisions in recent union contracts. Though such provisions appear to constitute merely a continuation of existing policies, they are significant because they represent a partial abrogation of what has heretofore been considered an exclusive prerogative of management.

Three out of four among a group of 90 union agreements recently analyzed by the National Industrial Conference Board contained such seniority clauses.



Although this trend is quite understandable, the attempt to formulate definite seniority rules gives rise to complications. Thus certain latitude must be allowed to permit retention of indispensable employees—and how shall indispensability be measured? Shall seniority be on a plant, departmental, or occupational basis?

Some of the seniority provisions of the contracts which form the nucleus of this study are general in scope; others relate particularly to promotions, demotions, and transfers. An analysis of the probable administrative difficulties of these provisions leads to the conclusion that as a weapon for solidifying union support seniority is a double-edged sword.

The various seniority provisions of the contracts have been carefully charted in this survey. By Harold F. Browne. *Conference Board Service Letter*, September 30, 1937, p. 93:3.

### **Intercity Differences in Costs of Living in March, 1935, 59 Cities**

In the period covered by this report, the most expensive cities to live in were Washington, San Francisco, Minneapolis, and New York. The least costly cities were Mobile, Wichita, Little Rock, and El Paso. Invariably in the South Central states each city reported less than average costs for the maintenance budget as a whole and for most of the major budget groups. Less was required per year for support at the maintenance level in the most expensive South Central

city than in the cheapest cities of the New England and Middle Atlantic states. By Margaret Loomis Stecker. Division of Social Research, Works Progress Administration, 1937. 193 pages.

### **Wage Rates and Hours of Labor in the Building Trades**

An average hourly wage rate of 91.8 cents for workers in the building construction industry in 1936 was revealed in a recent study made by the Bureau of Labor Statistics, covering 186,145 workers. Wide variations in rates were found as between occupational groups.

The study also indicated that in all occupations and in all parts of the United States the rates received by union members were substantially higher than those received by non-union workers. The differential in favor of unionists ranged from 2.5 cents in the case of plumbers in New Orleans to 81.7 cents for electricians in New York City. By Edward P. Sanford. *Monthly Labor Review*, August, 1937, p. 281:20.

### **Reaching the First Agreement Under Collective Bargaining**

It is important that both the employer and the union approach the first agreement with an unprejudiced and cooperative point of view. Although the union is at a disadvantage, since it is in the position of having to sell the idea of a labor contract, the employer has also a great deal to gain



from a worthwhile arrangement. It is to the benefit of both that each side should know its weakness and its strength.

The first conference is the time for management to secure what concessions it can, since the union is then in the unenviable position of trying to sell a bill of goods. The employer must drive as equitable a bargain as he can, for when the union gets a contract it is a cumulative affair, and it seeks always to improve its conditions. When an agreement cannot be reached on certain issues and it is mutually agreed to submit such issues to arbi-

tration, care should be taken in setting up the arbitration procedure that the arbiter himself does not further compound the situation.

As far as possible, retroactive provisions in the contract with respect to wages should be avoided. They present administrative plant difficulties and naturally force the employer to absorb increased costs, for customers cannot be expected to pay a retroactive price increase on work already finished. By Don H. Taylor. *The Society for the Advancement of Management Journal*, September, 1937, p. 130:5.

## **Training and Education: *Schools, Libraries, Employee Publications***

### **A Training Course That Creates Executives**

A training course for potential executives has been successfully conducted for a number of years by Lehn & Fink Products Corporation, of Bloomfield, N. J.

Candidates for training must be college graduates, preferably those who have had a broad scholastic background with extra-curricular work and who are wholly dependent on their own efforts. From a score or more of likely young men who are interviewed each year, generally two, and occasionally more, are accepted for the course. These men are started at a

salary of \$1,500, which is increased in some cases when they have been with the firm six weeks; in any event salaries are raised within a year if the men are to remain with the firm. Invariably one of the candidates demonstrates his inaptitude or unwillingness by quitting the course before the close of the first six months.

Training, which lasts two years, starts in the factory and covers every department and phase of the business, including manufacturing, costs, buying, selling, and advertising. The last includes not only work in the company's advertising department but also experience with one of the several agencies which it employs. Students

are moved as quickly as possible from one department to another, so that their minds are kept fresh and free from boredom. They are invited to all executive meetings in order that they can learn how plans and policies are conceived. Graduates of the two-year course are sometimes given further training in the firm's English, French, and South American offices.

The effectiveness of this training program is suggested by the fact that every one of the executives of the present Lehn & Fink organization is a product of the course. By Edward Plaut. *Executives Service Bulletin*, Metropolitan Life Insurance Company, August, 1937, p. 7:2.

### **Informing Workers as a Preliminary to the Job**

With employers and managers generally looking for constructive thoughts on employee relations, a practice of the Caterpillar Tractor Company, of Peoria, Ill., is well worth attention. This concern provides each new worker with a small printed brochure which is intended to become his permanent possession and carries a place for his name.

The pamphlet outlines company policies relating to such things as the payroll week, clock cards, garnishments and wage assignments, lockers, absences, insurance, and accident compensation. Employee organizations are listed and described, the routine for treatment of injuries is outlined, and a careful list of measures necessary on the part of the employee for

his personal safety is detailed. In fact, all the information which might take years for the employee to absorb by word of mouth is presented in this 24-page booklet of 4x7 inch size.

Overshadowing all this general data, however, is an "Agreement Between Caterpillar Tractor Company and Its Employees," in which the labor policies of the concern are epitomized. In this agreement the management sanctions unionization and collective bargaining (though it states as a principle that a worker may refrain from union membership if he so desires); it expresses willingness, too, to make every effort to arrange manufacturing schedules so as to provide employment throughout the year, and it outlines among other things its policies relative to wages, hours, promotion, overtime, and lay-offs. *Commerce*, October, 1937, p. 8:3.

### **Training for Skill and Initiative**

For the past two decades the Commonwealth of Massachusetts has encouraged vocational training and has paid about one-half the cost. It has aided not only the usual trade school but also what might be called the co-operative high school, an example of which has existed for several years at Beverly, Mass.

Early this year another co-operative high school course was organized at Springfield at the request of local metal-working concerns. Its purpose is to select the best applicants from among high school freshmen and to give them a combined high school

course and condensed apprenticeship course for which the usual secondary school diploma can be awarded. In a hand-picked group of boys of the better stock the manufacturers believe that they have excellent material for designers, superintendents, salesmen, and eventual executives. The course which has been provided includes both technical and cultural material, and is comparable in every way to the usual high school education.

Of the 20 boys who are chosen for training, each company selects one or two pairs. When one boy of each pair is in school, the other takes his place in the plant; transfers are made between factory and school every fortnight during the regular school year. The students are paid 25 cents an hour while working, this rate increasing by three-cent stages every six months. The employers are pledged to give satisfactory students continuous work during the training period, regardless of business conditions. If the enthusiastic support which the cooperative high school plan has received means anything, it will achieve its purpose—to train boys of special promise to be men of skill and initiative. By H. R. Le Grand. *American Machinist*, September 22, 1937, p. 839:2.

### Teaching How to Teach

A few forward-looking industries have made provision for teaching supervisors how to teach workmen. Other institutions are fast coming to recognize that this is a grave responsibility, that only successful instructors

can in a large degree secure the good will and cooperation which are essential in a satisfactory industrial relations program.

The supervisors at Servel, Inc., receive instruction along this line in connection with regular foremen conferences. Each week the leaders of foremen conference groups, together with the Director of Education and others of superintendent rank, meet and examine the material which is to be used in foremen conferences the following week. This preliminary or master conference familiarizes each leader with the material, acquaints him with its purpose, and guides him in selecting the best manner of presentation. The topics which have been discussed at these conferences include management principles, instruction of workers, the foreman and personality, and the employee and production. Special emphasis, of course, is placed on methods of instruction, covering (1) telling how, (2) showing how, (3) testing out, and (4) checking and supervising. Actual demonstrations of teaching methods are given by the foremen attending these conferences, and these demonstrations are analyzed and criticized by the group. Some very satisfactory results have been obtained from the preliminary conferences, and through them marked changes have been made in the system of plant instruction.

Besides these meetings, Servel maintains a library through which a large number of valuable books are circulated to foremen. In addition to the material which is distributed from the

library, printed bulletins are mailed to the foremen every week. By Homer L. Humke. *Personnel Journal*, September, 1937, p. 99:3.

### **Schooldays at Calvert**

Employees of Calvert Distillers Corp. are looking forward to the ringing of schoolhouse bells for the opening of the fall term. When it begins, they will start courses in chemistry, layout, bookkeeping, and many other

subjects at various colleges. Upon completion of their courses the company will refund them 50 per cent of their tuition.

Only one string is attached to this cooperative education: Calvert's industrial relations department must approve the course, which means that studies that increase an employee's usefulness to the firm get an okay, but purely cultural or frivolous subjects are eliminated. *Sales Management*, August 15, 1937, p. 41:1.

## **Benefit Systems and Incentives: Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership**

### **A Formula for Effective Employee Relations**

A survey of the sentiment of 600,000 workers and an examination of hundreds of bonus, welfare, profit-sharing, and other employee relations plans have led to the approval of a plan which seems sounder than any others that are now in operation. What our industrial relations programs have lacked in the past—cohesion and unity of purpose—this plan provides by cementing the relationship of employer and employee.

The formula consists of a trinity of principles—profit-sharing, savings, and retirement funds:

1. A profit-sharing plan, fitted or adjusted to the conditions and requirements of the institution, whereby the corporation agrees to contribute a

percentage of its net earnings (restricted to a ratio of from 1 to 4 times the employee's contribution) to a joint fund to be controlled, invested, and administered by a joint committee from management and the workers.

2. The employee shall contribute a definite percentage of his wages (varying between  $2\frac{1}{2}$  to 5 per cent) to the joint fund, which establishes his participation and partnership in the project.

3. These joint contributions accumulate in an inviolate trust known as the retirement fund...not to be distributed or paid out until the employee reaches retirement age (which may be set arbitrarily at 60 or 65) unless death or disability intervenes, in which event the accumulated credit becomes due and payable.

While none of the component parts



of this formula is new, the combination of the three is strikingly original. The corporation shares its profits, the employee contributes a reasonable saving from his wages, and both contributions gradually grow into an estate which insures greater comfort, security, and happiness after 60 than the employee has enjoyed at any time during his working life. By Donald Despain. *Commerce*, September, 1937, p. 16:7.

### Wage Incentives

When business conditions improve and prices start to rise, the company that expects to keep a contented organization as well as a prosperous one must constantly revise its payroll—upward. In doing so, its only chance to operate at a profit is to train supervisors and foremen to increase the efficiency of the plant and improve the production of the workers.

Although in some organizations a periodic personnel survey of each employee may establish a standard for paying him what he is worth, in other companies an incentive system is the solution to the problem of securing satisfactory returns for higher wages. One of the commonest forms of incentives—and theoretically the most efficacious—is piecework, which establishes a definite productive labor expense that is of great value in forecasting finished costs. Workers on the whole, however, are dissatisfied with such a system, for the main reason that it seldom guarantees continuity of employment.

There are many premium incentive plans, most of which require considerable time and expense for installation and the services of sizable staffs to maintain them. One effective plan uses the experience obtained from standard runs to arrive at a normal base, without going to the expense of time and motion studies. Under this system each employee receives one per cent of his wages as a premium for each one per cent increase in efficiency over the base or, in other words, for each one per cent over the standard existing when installation was made. Base standards are changed only when performance averages over 100 per cent (using 60 per cent as standard) on a part consistently, or if it is demonstrated that the original base sets too tight a standard. By Harry H. Kerr and Neal W. Foster. *Industry*, September, 1937, p. 15:6.

### How 133 Plants Look at Wage Incentives

A questionnaire on current wage incentive practices was recently sent to 133 plants by the editor of *Factory Management and Maintenance*. Some interesting information is revealed by this survey.

Forty-six per cent of the factories are paying 47 per cent of their employees on a straight piecework basis. Forty-six per cent are paying 46 per cent of their employees on the individual bonus basis. Thirty-five per cent of the plants are paying 29 per cent of their workers on the group bonus basis. Eighty-six per cent are paying



45 per cent of their employees on a straight daywork basis.

Forty-four per cent of the 120 plants which were willing to take a stand say they believe an incentive system should recognize personal qualifications such as dependability, versatility, and length of service; 56 per cent say they believe it should not. By L. C. Morrow, Editor, *Factory Management and Maintenance*, October, 1937, p. 75:9.

### **New Plan for Employee Homes**

Not so long ago the Florence Stove Company asked its 1,300 workers if they would be interested in owning a home, providing they could find a way of financing it. Some 200 employees answered, "Yes."

Late in August ground was broken

for a project in Kankakee, Illinois, which the company has worked out to meet the special needs of those workers in the local plant who desire to own their own homes. Florence Stove Company is to finance the building of the dwellings until they are completed some time in November. The employees will then move in, the company will hand them deeds to their homes, and they will begin paying for them by monthly payroll deductions of from \$26 to \$32, depending on whether the house contains four rooms or five. Each employee will own his home outright in 20 years; he need make no down payment to the company; he will be charged only the actual cost of the dwelling; and his loan from the company will be insured by the Federal Housing Administration. *Forbes*, September 15, 1937, p. 20:1.

## **Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study**

### **The Use of Factory Inspection Statistics**

If specifications for the manufacture of a particular part could be complete in every detail and if they could be exactly followed, each piece produced by a factory would be a facsimile of every other piece. In actual practice numerous variations occur which result in changes in the product. Both machines and oper-

ators have their limits of accuracy, and what happens within these limits of accuracy or tolerance is pure chance.

Certain non-chance variations, however, are continually occurring in the factory; if these could be eliminated, standards could be set with confidence that they would be maintained day after day. The problem is to locate these controllable variations, and this is where statistics play their part.

Statistical classification of data can determine the correct limits of tolerance within which chance variations may occur, and every variation beyond these limits is controllable.

In achieving such control as is here suggested, the operator or inspector should calibrate a considerable number of pieces, say 100, and determine how many are near the center of tolerance and how many approach its limits. When such a record is made at frequent intervals, valuable and surprising information will be obtained. By C. M. Armstrong. *The Society for the Advancement of Management Journal*, September, 1937, p. 140:4.

### **Power Costs Reduced 75 Per Cent**

A Diesel engine installation in a large lumber yard and mill-work factory, owned by the Marshall Lumber and Mill Company, Montgomery, Alabama, has reduced power costs to almost a quarter of what they were when power was purchased.

During the latter part of 1935 the president of this concern decided that the company was paying excessive amounts for its power. The Diesel engine was purchased after an analysis of the plant and its load conditions had been made to determine if the installation was justified.

Taking but a single month—a low month—the cost of current prior to the installation of the Diesel equipment was \$240. As against this, the average monthly expenditure for fuel oil, lubricating oil, and general expenses in operating the Diesel was

\$62. *Mill & Factory*, October, 1937, p. 75:2.

### **Improved Production Scheduling Brings "Tremendous Savings"**

Lyon Metal Products, Inc., of Aurora, Ill., has hit upon an effective method of scheduling production, reducing inventories of finished stock, and improving shipping service to customers.

This company publishes a quarterly schedule list covering every product which it manufactures on schedule. The number of production runs which will be made on each product line is determined in advance, a schedule number is assigned to each production run, and these numbered schedules are printed on the schedule list. In each schedule, too, are entered the closing date for orders and the date when the schedule will be shipped. Every sales representative in the field is provided with a copy of the schedule list, so that he has constantly available for his customers' information the closing and the shipping dates for orders.

All orders received at the home office are immediately allocated to the proper schedule and combined into one total production run. Information needed by the plant to manufacture and ship is entered on schedule tickets, and when these reach the factory a "dispatcher" prepares a departmental order for parts and operations to be performed by each fabricating department. Thus production is planned in advance, and every phase of the manufacturing process proceeds

with clock-like regularity. By E. D. Power. *Executives Service Bulletin*, Metropolitan Life Insurance Company, October, 1937, p. 1:3.

### **Making the Most Out of Your Plant Facilities**

Many establishments work on the "chasing" system of starting things out and proceeding on an apparently natural course until something goes wrong and then tardily correcting it. A suitable production planning and control system would remove many of the problems of these concerns beforehand, and it should increase capacity nearly one-third. The cost of installing such a system is nominal.

The real benefits of production planning come from increased capacity of the plant and from on-time shipments. It is not a device aimed at saving labor; it seeks to put labor to work. Good scheduling prevents the jamming up of one department so that men in other units are temporarily laid off while the busy department works overtime. It provides for an even flow of work, and it does save one labor cost in an out-and-out waste of time caused by delays or mix-ups. Every product carries a sizable item of fixed overhead, and if more units can be manufactured for the same total overhead, the cost per unit will be proportionately reduced. A good production control achieves savings in fixed costs and turnover, and it may often prevent a strained cash position.

The system of planning should be neither too sketchy nor too detailed.

In small organizations it may be a part-time job of one man in the mill office; in larger concerns several men may be needed. In either case the operation should carry the necessary authority from the general manager for its orders. Speed-up on the part of the workers should not be sought, for labor resents this. Alternate routes and flows must be charted, purchases scheduled, performance checked against schedules, and innumerable other factors controlled.

In one company the installation of planning and production control increased volume 15 per cent, while orders simultaneously increased 50 per cent due to smaller lot purchasing. No new facilities were added, unit costs decreased, and the total cost increased only 4 per cent. Ford, Bacon & Davis, New York. 8 pages.

### **The Endless Chain Conveyor**

In recent years there has been a tendency on the part of factory managers and superintendents to make the conveyor a definite part of the production process. The idea contained in the continuous molding conveyor so generally used in large production foundries is being applied to other processes.

The power-driven overhead trolley is being used for all kinds of materials handling. A development of this type of conveyor is the dolly or truck pusher conveyor, the chain operating with the pins vertical or standing up instead of dropping, as in the overhead system. In this truck system the

movement is confined to its track by suitable attachments; when guided around horizontal turns by rollers, it can be curved or turned in either plane, run from floor to floor, and if desired can be made a continuous loop.

To elevate packages from lower to upper floors there is available an intermediate discharge, used in connection with the simple pusher-bar elevator.

Mechanical handling of materials eliminates many useless steps in the manufacturing cycle, and conveyor systems particularly offer definite means of obtaining continuously lower production costs. Individual conditions in a factory must of course determine the type of equipment which will prove the most satisfactory. *Manufacturing and Industrial Engineering*, August, 1937, p. 16:2.

## MARKETING MANAGEMENT

### How Do Manufacturers Get Those Hollywood Endorsements?

Would you like to have Sally Blotz endorse your product as film fans cheer? Let us suppose that you are the manufacturer of the world's best mattress and you desire Miss Blotz to endorse its complex springiness. You approach your advertising agency (or possibly they approach you) and explain. Immediately you or the agency get in touch with one of the entrepreneurs of Hollywood who handle that sort of thing—it may be Walter Kline, Max Factor, or innumerable others. If you are prepared to include a good word for the studio and the star's forthcoming picture and merely desire a "tie-up" instead of a direct endorsement, you may approach the advertising department of a movie magazine. Sally is notified that she's wanted for a "tie-up" with Wonder-Slumber Mattresses, and she'll prob-

ably be willing to lend her face and name to your advertisement to secure a good send-off for the studio and the picture.

This, mind you, hasn't cost a single red cent. But if you expect Sally Blotz to say that Wonder-Slumber is the swellest piece of ticking she ever passed out on, you won't get away with it for nothing—even if you don't have to pay her the \$50,000 which Shirley Temple got for telling the kiddies of America that she eats Puffed Wheat. By Kay Campbell. *Sales Management*, October 1, 1937, p. 28:2.

### Consumer Cooperatives

If the record of individual cooperative stores is reviewed in cold blood, it is evident that there are inherent in consumer ownership and cooperative management, difficulties in the way of successful operation which the best-



run of the capitalistically-owned enterprises escape.

Cooperative retail groups have rarely shown elements of permanent cohesion. Consistently such groups have demonstrated inability to adjust their stock quickly to changes in consumer demand. The scale and methods of management, operation, and financing of such stores are imposed on them by local conditions; they have little range of choice in these matters. Consumer cooperatives are seldom either willing or able to pay the market price for the highest grade of managerial brains. Rarely can they command capital which is either sufficiently elastic or adequate for effective operation.

For these and other similar reasons it seems clear that cooperative retail stores are by their very nature apt to be lacking in the vitality and driving power requisite for continuous satisfactory operation. By Paul T. Cherington. *Market Research*, August, 1937, p. 3:5.

### How Much Do Sales Taxes Cut Sales?

Any retarding influence of sales tax levies on retail trade improvement appears to be slight. This type of taxation, however, does seem to exert an obstructive influence in border regions of states that have sales taxes.

The border counties of states with sales tax statutes showed a smaller percentage increase in retail sales from 1933 to 1935 than those in states without or with less stringent sales

tax laws. Of 20 borders considered, 16 are noted in which the greater increase was enjoyed by retailers of the state with lesser sales tax restriction. The reverse is true on but 4 borders of the 20 analyzed.

Retail sales migration along state borders is the logical result of sales tax legislation. It is obvious that consumers living in the border regions of states that have passed sales tax legislation may buy goods and services in an adjacent tax-free state. It is even more probable that the same consumers would cross state boundaries to buy goods of higher unit value, for the amount of the tax is a greater consideration in all such cases. By H. P. Warhurst. *Credit and Financial Management*, September, 1937, p. 26:1.

### Uncontrolled Installment Buying

The destructive side of installment buying lies in its abuse and not in its healthy use. It is a truism that few constructive commercial implements are not in time and turn converted to the exploitation of a market in unsound and unfair directions, and installment buying, indeed, is no exception. Low-priced articles are often sold with a down payment equal to the original wholesale cost. Frequently the installment price is immoderately higher than the cash price, and the customer sweats out in monthly deductions from his wages this unconscionable mark-up, often returning the merchandise and forfeiting past payments rather than endure the galling yoke of the contract. Again, by ruthless re-

possession for failure to receive payments on the due date, many installment shysters make more money on the resale program than honest merchants make on sound sales which are eventually paid in full. Hidden charges, unexplained, are added to the total cost of many sales, and again installment buying is abused.

But underlying these symptoms of abuse is one significant question. To mortgage one's future earning power to the extent of 10, 15, or even 20 per cent, over a period of one to five years, is a serious thing for the individual. Multiplied by millions of instances, what will be the result? Will people forget thrift and become a nation of greedy spenders and shiftless grasshopper troubadours who give no thought to tomorrow's need? Will these forward purchases stimulate wild production for today and create an air pocket from which will emerge another panic and a new depression? By Thomas C. Boushall. *Banking*, October, 1937, p. 30:2.

#### **Check List of Probable Effects of Resale Price-Maintenance Legislation**

This article attempts to predict the probable effects of retail price-maintenance laws on American business. The essential features of these laws are defined and the conflicting forces for and against them are briefly analyzed.

The main body of the paper is an attempt to forecast the effects of this type of legislation on the main cur-

rents of industry—on the manufacturer, on distributive agencies, on manufacturing costs, on the middleman, on independent retailers, and on chain, department, and cooperative stores. An outline of reasons why it is believed that price-cutting will not disappear despite prohibitive statutes brings this study to a conclusion. *Trade Regulation Review*, September, 1937, p. 2:7.

#### **Chain Store Taxes**

On September 1, 1937, special taxes had been imposed on chain stores by 22 states. The rates of taxation are usually graduated from a low rate for the first store, or first few stores, subject to the tax, to a much higher rate for each store in excess of a specified number. The maximum rate in any state is \$750, which is imposed by Texas on each chain store in excess of fifty. In Tennessee the tax is measured by floor space rather than the number of stores. In Louisiana the tax, though levied only on the stores within the state, is based on the total number of stores both in and out of the state.

Two significant decisions of the United States Supreme Court have upheld the constitutionality of chain store taxes. The first related to an Indiana statute, in which case it was held that the separate classification of chain stores for purposes of taxation and the levying of special taxes upon them were not arbitrary. In the second decision the Court validated the unusual tax procedure of Louisiana.

There is but one logical view to take

of chain store taxation. If the major objective of merchandising is to give the consumer the best possible values, then this type of tax must be regarded as economically undesirable, for it imposes an additional and discriminatory cost that tends to make impossible the achievement of this goal to the fullest extent. By Lewis H. Kimmel. *Conference Board Bulletin*, National Industrial Conference Board, Inc., September 16, 1937, p. 101:4.

### **Nine Questions You Must Answer Before You Write and Publish a Manual for Your Salesmen**

If he answers nine questions and makes nine well-considered decisions, the sales promotion manager can never be accused of having built a sales manual which is not well-planned.

Why is the manual being compiled—is it because "everybody has one" or is there a definite need for it to sell a specific audience? How, where, and by whom is it to be used—is it, for instance, to be a behind-the-scenes training manual or a presentation book? What is to be its scope? Is its size to be miniature, pocket, standard letterhead, or jumbo? Will the manual be permanently bound or put in loose-leaf form—and if the latter, will spiral or plastic binding be used, or will it be the conventional ring binder? Is it well indexed, and is each sheet identified by a permanent reference number? Has the field force been thoroughly drilled in its use? Can quick and effective revisions be made in the manual with

the least cost and inconvenience? Has provision been made for an inspection function to check up on the manual periodically? By Burton Bigelow. *Sales Management*, October 10, 1937, p. 15:2.

### **"We Can Get It for You Wholesale"**

In recent years an organization which offers to sell an infinite variety of products—all standard brands—at discounts of 10 to 60 per cent less than retail has mushroomed in various sections of the country. Employees' associations, buying clubs, discount houses, and "wholesalers" now number in the thousands. Their literature may be found in the employees' recreation rooms of any large company or government agency. The offices of some are carried in a hat.

Since these outlets are put to no expense for store rents, carrying of stock, salesmen, or advertising, they can compete with authorized dealers at considerable advantage. They frequently provoke ill will toward branded products and toward retailers among purchasers who have paid the established prices.

Most of these organizations use personal discount cards, which give a sense of privilege to their holders; some of them require a small membership fee. Most of the list quotations are unusually high and the discounts correspondingly impressive.

It is important that "wholesale" outlets be watched. Wherever price-cutting and violation of ethics prevail,

operators are likely to be forced into misrepresentation and illegality to keep going. Many of the products which they are now selling will be covered during the coming year by fair trade contracts, and these contracts along with dealer opposition should turn the tide against cut-price selling. Undoubtedly in the near future fewer per-cent-off-listers will go

a-hawking, "We can get it for you wholesale." By R. I. Elliott. *Advertising & Selling*, September 9, 1937, p. 25:4.

### Marketing Conference

The Consumer and Industrial Marketing Conference of the American Management Association will be held at the Hotel Pennsylvania in New York City on November 18-19.

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## Survey of Books for Executives

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**Motion and Time Study.** By Ralph M. Barnes. John Wiley and Sons, Inc., New York, 1937. 285 pages. \$3.75.

Those working in the field of motion study are well aware of the scarcity of published material on the subject. For this reason the new book by Professor Barnes fills a definite want. Devoted to a historical review, the first part gives the background that should be well understood by newcomers in the field, as it helps settle the long standing controversy, "Time study or micromotion study—which?" While perhaps more space could have been devoted to the subject of process charts, a tool developed by Frank Gilbreth which offers many possibilities through its use, the book at least shows how to make them.

The definitions of the therbligs, one of the hardest parts of motion study for the beginner (and frequently not well understood by the person who has been using them for some time), help to clarify their meaning. Use of the motion picture camera is adequately covered, as is the actual analysis of the film once it has been made.

Good illustrations amplify the various applications of motion economy principles, and should go far to help in applying them to different jobs. They should help the instructor working with university students or young men just starting in industry to show how each principle can be translated into workplaces, fixtures, special tools and equipment. To men who have been working in industry they will immediately suggest applications that can be made directly or that can be



used in training work with foremen to spur them on to apply the principles to some job in their own departments.

Some might criticize the book as being largely a compilation of material from many sources, but that is a job that has to be done in the field of applied motion study. The need is not so much for new principles or methods as it is to make available the material that has been developed by many people in the widely scattered fields. Professor Barnes has done a lot of painstaking research and has brought together much material that is not readily available.

The acceptance of the book is already assured by its enthusiastic adoption in several university courses, and it will no doubt become the bible of all methods and time study men who are doing more than a mere routine job.

*Reviewed by Allan H. Mogensen,  
Consultant in Work Simplification.*

**Salaries, Wages and Labor Relations.** By J. O. Hopwood. The Ronald Press Company, New York, 1937. 124 pages. \$2.50.

Until recent years no scientific principles of job evaluation had been advanced. No answers had been proposed to the basic questions in wage administration—how should jobs be evaluated, and how should standards of compensation be established with respect to these evaluations, individual competencies, and the income available for distribution via the payroll?

In this manual Mr. Hopwood has assembled a number of articles written within the past 15 years which set forth pertinent facts and principles for a basis of evaluation and payroll administration. The practices outlined pertain to the problem in general, and they may be followed in any company by adaptation to its particular conditions.

The subject matter embraces payroll administration and labor relations, organization relations and job analysis, job evaluation, coordination of compensation standards, job classification, and administrative procedures and records. The author demonstrates the scope of the degrees in achievement and responsibility which exist in industrial organizations, and he indicates methods of drawing the line between varying levels. He believes that real distinctions instead of superficial ones must be made in the work which employees perform—distinctions which will be reflected upon the payroll, which will enable the worker to understand his place in the scheme of things and to realize that his interests are integral with the enterprise and its destiny is his.

**How to Sell in Chain Stores.** By Fred B. Barton. Harper & Brothers, New York, 1937. 106 pages. \$1.50.

It has been estimated that the cost of attracting a customer to a store for his first visit varies from \$25 to \$250, depending on the size of the store (and figuring such costs as advertising, display, etc.). Once he is inside,

however, he may be lost to the store forever by a 25-cent sale improperly made or a question discourteously handled. Thus, how to sell and how to treat the customer are subjects of perennial interest to the man behind the counter.

In this book Mr. Barton looks at selling from the chain store salesman's viewpoint. He restates among others the tested principles of selling, salesmanship psychology, making the store attractive. Little of the material is new; it consists mainly of a few staple truths retold in a fresh and readable way.

A few of the chapter sub-headings are indicative of the interesting manner in which the author tackles his subject: Why is chain store work healthy work? Is it easier to keep your temper if you wear a smock or jacket? Customers are more fastidious—why? Other topics include: How to remember people's names; wear spats to prevent colds; more opportunity in chain store work than in white-collar jobs; how selling resembles fishing.

**The Structure of American Business.** By Richard P. Doherty and Max Hartmann. Manthorne & Burack, Inc., Boston, 1937. 375 pages. \$3.00.

This text, which is the outgrowth of ten years' experimentation with a freshman orientation course at the College of Business Administration of Boston University, attempts to present a broad survey of our economic struc-

ture. Though the authors intended this volume primarily as a foundation for further work in economics and in technical courses dealing with specialized business activities, they feel that it should also be of value to all who are interested in understanding how the modern economic system functions.

#### **Manual on Research and Reports.**

By the Committee on Research of the Amos Tuck School of Administration and Finance, Dartmouth College. McGraw-Hill Book Company, New York, 1937. 140 pages. \$1.25.

A manual covering principles of procedure and style of common aid to persons working in the fields of business, economics, and social sciences in general. In its present form it is an extended revision of the "Manual on Research and Reports," originally published by the Tuck School in 1931. It limits itself, as before, to the preliminary procedure and mechanics of investigating a subject and to some of the important standards to be observed in presenting the findings. Its scope and content have been purposely restricted, and points which might interest chiefly the experienced or highly specialized investigator have been omitted.

A number of practical and helpful additions have been made in this revision, such as the listing of the general indexes, more specific data about government bureaus, and a helpful chapter on submission of copy to a printer or publisher, covering prepara-

tion of the manuscript, reading the proof, author's corrections, and suggestions on illustrations.

**The Psychology of Dealing with People.** By Wendell White. The Macmillan Company, New York, 1936. 256 pages. \$2.50.

In his preface to this treatise the author remarks: "The psychological problem of greatest concern to most people—that of dealing successfully with others—is one on which the public has been given little help." This was written, however, before Mr. Dale Carnegie's "How to Win Friends and Influence People" had stolen the thunder of author-psychologists, so it must be recorded for justice' sake that Dr. White's is the saner, more readable book.

The basic principle of the psychology of dealing with people is that man has certain fundamental wants or cravings which constitute the prime movers of all his behavior. This volume is devoted to the subject of dealing with people by appealing to the *want for a feeling of personal worth*, which is one of the most potent of human urges. In the four main divisions of the book (Dealing with People in Life Situations in General, Preventing Wrongdoing, Preventing Peculiar Behavior, Furthering Mental Health) the author covers such sub-topics as: presenting one's ideas indirectly; presenting one's ideas directly in an inoffensive manner; designating an act as creditable or discreditable; acknowledging the per-

sonal worth of others indirectly; removing objectionable ideas inoffensively; enabling others to gain distinction for ability; expressing doubt as to a personal quality of another; negativism; day dreaming; reverting to one's past; rationalization; repression; wished physical disabilities; providing wholesome compensations.

With some of Dr. White's dicta a few of us are likely to take issue. Most of his remarks, however, are sage and to-the-point, as witness these on "Reminiscing": "The woman who goes to the attic, dusts off a box, and takes out old letters, photographs, or keepsakes to enjoy them once more is presumably less happy than is the one who throws them into the ash can... Excessive contemplation of bygone days is a symptom of defeat in the present."

Dr. White's work is admirably designed to help the business man who is interested in the success of his personal relations. Appended to the book are a series of self-testing exercises which should prove both enjoyable and instructive.

**Social Security in America.** Published for the Committee on Economic Security by the Social Security Board, Washington, D. C., 1937. 592 pages. \$.75.

The factual background of the Social Security Act as summarized from staff reports to the Committee on Economic Security forms the bulk of this volume. The Social Security Act as it became law differed in many details

and in some essential respects from the legislation which was recommended by the Committee on Economic Security. The factual material in the staff reports, however, applies to the final measure no less than to the original bill, except for such portions of the Social Security Act as differ from the legislation recommended by the Committee. In addition to the factual material gathered prior to the enactment of the Social Security Act there has been included an analysis of the provisions of that Act.

### **Principles of Money and Banking.**

By Russell D. Kilborne and George W. Woodworth. McGraw-Hill Book Company, Inc., New York, 1937. 513 pages. \$3.50.

This fourth edition of Professors

Kilborne and Woodworth's textbook on money and banking is the result of considerable revision which was necessitated by far-sweeping changes in this field in recent years. Fifteen chapters have been almost entirely rewritten, and much new material has been interwoven with the remaining chapters.

Currency and banking today are inextricably commingled, and the authors have recognized the necessity of developing them together. The monetary and banking system is treated as a functioning organism, and emphasis is laid on its relations to the price structure and the economic system as an entity. Stress is placed on essentials rather than details, and on principles instead of structures. The book as a whole is a valuable compendium of banking and monetary data.

## **Briefer Book Notes**

**THE DEVELOPMENT OF AMERICAN BUSINESS AND BANKING THOUGHT 1913-1936.** By Charles C. Chapman, S. J. Longmans, Green and Co., New York, 1936. 351 pages. \$2.50. Is the attitude of big business as great an obstacle to economic and social progress as it was 20 years ago? Has it improved, retrogressed, or remained unchanged? This book presents an intelligent answer to these questions.

**THE RAINBOW.** By Donald R. Richberg. Doubleday, Doran & Company, Inc., Garden City, 1936. 319 pages. \$2.50. The man who served the NRA longer in positions of high responsibility than any other person appraises in retrospect one of the most significant governmental experiments in this generation.

**INTERNATIONAL TRANSACTIONS OF THE UNITED STATES.** By Ray Ovid Hall. National Industrial Conference Board, Inc., New York, 1936. 230 pages. \$3.00. An audit and interpretation of balance-of-payments estimates, including a comprehensive analysis of the meaning and uses of balances of payments, of the methods of compiling and estimating the figures, and of the development of balance-of-payments investigations in the United States.

**THE A B C OF THE FEDERAL RESERVE SYSTEM.** By Edwin Walter Kemmerer. Princeton University Press, Princeton, 1936. 286 pages. \$2.50. This is the tenth edition of a book which is an intelligent appreciation of the banking system of the United States. Completely rewritten, with material brought up to date as of mid-1936.



**WHARTON ASSEMBLY ADDRESSES 1936.** By Luther Gulick et al. University of Pennsylvania Press, Philadelphia, 1936. 117 pages. \$1.00. Speeches on timely topics of economic and political interest which were delivered before the Wharton School of the University of Pennsylvania in 1936.

**GOVERNMENT OWNERSHIP OF ELECTRIC UTILITIES.** Compiled by Julia E. Johnsen. The H. W. Wilson Company, New York, 1936. 329 pages. 90 cents. Considers the pros and cons of governmental ownership of electric utilities. The volume is primarily a debaters' manual.

**SHOULD THE GOVERNMENT OWN AND OPERATE ELECTRIC UTILITIES?** Compiled and edited by E. C. Buehler. Noble and Noble, Publishers, Inc., New York, 1936. 350 pages. \$2.00. Another debaters' handbook on this controversial subject.

**THE CRISIS IN THE ELECTRIC UTILITIES.** By J. V. Garland and Charles F. Phillips. The H. W. Wilson Company, New York, 1936. 216 pages. 90 cents. This book attempts to present a simple and unbiased introduction to the question of government ownership and operation of electric utilities. Supplementing "Government Ownership of Electric Utilities," by Julia E. Johnsen.

**NEW YORK LAWS AFFECTING BUSINESS CORPORATIONS.** (Eighteenth edition, revised to June 7, 1937.) Edited by J. B. R. Smith. United States Corporation Company, New York, 1937. 520 pages. \$2.00. This volume is a compilation of the Business Corporations Law, the General Corporation Law, the Stock Corporation Law, the Membership Corporations Law, and numerous articles and sections of other chapters of the Consolidated Laws, relating to business corporations.

**RECIPROCAL TRADE AGREEMENTS.** By Arthur R. Uppgren. The University of Minnesota Press, Minneapolis, 1937. 26 pages. 25 cents. The effect of reciprocal trade agreements on international relations, and more specifically on the market for American farm products, is discussed by a former economic analyst in the Department of State.

**PROCEEDINGS OF THE 1936 ANNUAL CONFERENCE OF THE LIFE OFFICE MANAGEMENT ASSOCIATION.** Life Office Management Association, New York, 1936. 370 pages. \$5.00. A group of papers on office routines and practices of life insurance companies presented before the Life Office Management Association. Several of the articles, including those on letter-writing, clerical tests, and employee suggestions, might be of interest to managements in other fields of business.

**PROCEEDINGS OF THE 1936 SPECIAL CONFERENCES OF THE LIFE OFFICE MANAGEMENT ASSOCIATION.** Life Office Management Association, New York, 1936. 280 pages. \$5.00. The first part of these proceedings is devoted to papers on Social Security payroll taxes; the second part, to articles on procedures for the control of receipts and disbursements of life insurance company funds.

**ENCYCLOPEDIA OF BANKING AND FINANCE.** By Glenn G. Munn. The Bankers Publishing Company, New York, 1937. 866 pages. \$12.00. The original publication of this work in 1924 marked the advent of the first encyclopedia of American banking and finance. A number of new subjects have been added to this revised edition, and a substantial proportion of the definitions has been recast and reconstructed to conform with far-sweeping changes of recent years. The outstanding reference book in its field.

**FINANCING THE CONSUMER.** Edited by John H. Cover. The University of Chicago Press, Chicago, 1937. 114 pages. \$1.00. This is the report of a conference on consumer financing which was held this spring at the University of Chicago. The 20 papers which comprise the report range through all the ramifications of this complex problem.

**EXPLORATIONS IN ECONOMICS.** Notes and Essays Contributed in Honor of F. W. Taussig. McGraw-Hill Book Company, Inc., New York, 1936. 539 pages. \$5.00. Former students and present colleagues of F. W. Taussig, Professor Emeritus at Harvard University, have written this volume as a tribute on the occasion of his 77th birthday, when he retired.

from active teaching. Forty-eight short essays on a wide range of economic topics have been included in the book.

**REORGANIZATION OF THE SUPREME COURT.** Compiled by Julia E. Johnsen. The H. W. Wilson Company, New York, 1937. 326 pages. 90 cents. This book was compiled when debate over President Roosevelt's court reform proposals was at white heat. Although interest in the subject has dimmed, the volume presents much valuable material on the more recent aspects of thought on the Supreme Court problem.

**EDUCATIONAL BROADCASTING 1936.** Edited by C. S. Marsh. The University of Chicago Press, Chicago, 1937. 463 pages. \$3.00. These proceedings of the First National Conference on Educational Broadcasting, which was held in Washington on December 10, 11, and 12, 1936, direct specific attention to the potential influence of radio in a broad educational field. Contributors include Hendrik van Loon, David Sarnoff, and Andre de Laboulaye.

**ELEMENTS OF MODERN ECONOMICS.** By Albert L. Meyers. Prentice-Hall, Inc., New York, 1937. 363 pages. \$4.00. This volume attempts to reorient the beginning text in economics to conform to recent significant developments which have taken place in economic and monetary theory. The author is Assistant Professor of Economics at Colgate University.

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STATEMENT OF THE OWNERSHIP, MANAGEMENT,  
CIRCULATION, ETC., REQUIRED BY THE ACTS  
OF CONGRESS OF AUGUST 24, 1912, AND  
MARCH 3, 1933,  
of The Management Review, published monthly  
at New York, N. Y., for October 1, 1937.

State of New York, }  
County of New York, } ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared J. O. Rice, who, having been duly sworn according to law, deposes and says that he is the Editor of The Management Review and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher—American Management Association, 330 W. 42d Street, New York City.

Editor—J. O. Rice, 330 W. 42d Street, New York City.

Managing Editor—None.

Business Manager—Alvin E. Dodd, 330 W. 42d Street, New York City.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well

as those of each individual member, must be given.)

American Management Association, 330 W. 42d Street, New York City.

Alvin E. Dodd, President, 330 W. 42d Street, New York City.

James L. Madden, Treasurer, 1 Madison Avenue, New York, N. Y.

3. That the known bondholders, mortgagees, and other security holders owning or holding one per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

J. O. RICE,  
Editor.

Sworn to and subscribed before me this 17th day of September, 1937.

(Seal)

IRMA MULLER

(My commission expires March 30, 1938.)

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